

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 COME-00 EB-11 LAB-06 SIL-01

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TO SECSTATE WASHDC 4693

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TAGS: PLAB

SUBJECT: UNIONS SEIZE INFLATION ISSUES

REF: PARIS 28840

1. SUMMARY: SEIZING INFLATION AS ISSUE CAPABLE OF UNIFYING DIVERSE OPPOSITION ELEMENTS, CGT CALLED ON ALL TRADE UNIONS AND POLITICAL PARTIES OF THELEFT TO RALLY BEHIND SLOGAN "HALT TO RISE IN COST OF LIVING". URGENT CONSULTATIONS AMONG LABOR LEADERS HAVE PUT GOF ON NOTICE THAT ANY ATTEMPT TO IMPOSE WAGE CONTROLS WOULD BE MET WITH UNITED LABOR OPPOSITION. CGT-PCF OBJECTIVE IS TO UNDERMINE PUBLIC CONFIDENCE IN GOF ABILITY TO MANAGE ECONOMY. END SUMMARY.

2. SHARP (0.9 PERCENT) RISE IN COST OF LIVING IN SEPTEMBER, PLUS ANTICIPATION OF YET STEEPER INCREASESIN OCTOBER AND POSSIBLY NOVEMBER, FED TRADE UNION CRITICISM OF ADMINISTRATION, GENERATING ROUND OF URGENT CONSULTATIONS AMONG TRADE UNION LEADERS.

3. RECOGNIZING POLITICAL POTENTIAL OF ISSUE, CGT CALLED ON ALL TRADE UNIONS AND POLITICAL PARTIES OF THE LEFT TO RALLY UNDER LIMITED OFFICIAL USE

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SLOGAN "HALT TO RISE IN COST OF LIVING".

4. ON 8 NOVEMBER CGT HOSTED DAY-LONG MEETING OF ALL ELEMENTS RALLYING TO SEGUY'S SLOGAN. THESE INCLUDED CFDT, FEN (EDUCATION), PCF, PF, PFU AND RADICAL LEFTISTS. DECISION WAS TAKEN TO LAUNCH INTENSIVE "PUBLIC INFORMATION" CAMPAIGN ON SUBJECT OF INFLATION, TO BE FOLLOWED BY DAY OF ACTION PROBABLY EARLY IN DECEMBER. CGT DETERMINATION TO RALLY BROADEST POSSIBLE SPECTRUM OF SOCIAL DISCONTENT EVIDENT IN LIST OF DEMANDS WHICH WITH TIMELY EMPHASIS ON COST-OF-LIVING ISSUE, APPEARS AS UPDATED REPLAY OF MAJOR SOCIAL ITEMS IN PCF-PS COMMON PROGRAM.

5. CFDT LEADERS JOINED IN CALL FOR ANTI-INFLATION MEASURES, ASSERTING THAT INFLATION TENDS TO AGGRAVATE SOCIAL INEQUITIES ALREADY PRESENT IN CAPITALIST SYSTEM WHICH, ITSELF, IS AT ROOT OF PROBLEM. ALTHOUGH IRKED BY FACT THAT THEY LEARNED OF SEGUY'S INITIATIVE FROM THE PRESS RATHER THAN DIRECTLY FROM CGT, CFDT LEADERS DID PARTICIPATE IN 8 NOVEMBER MEETING. THIS REPRESENTED DEPARTURE FROM CFDT POLICY (VIS-A-VIS COMMON PROGRAM) OF INSISTING ON DISTINCTION BETWEEN POLITICAL PARTY AND TRADE UNION ACTION. CFDT SOURCES ATTRIBUTE THIS DEPARTURE TO BELIEF THAT INFLATION ISSUE MAY WELL BECOME FORMIDABLE WEAPON IN OPPOSITION'S HANDS AND, THEREFORE, CFDT WOULD NOT AFFORD TO REMAIN APOOF.

6. IN LESS STRIDENT TERMS, FORCE OUVRIERE HAS FOR SOME TIME EXPRESSED ITS CONCERN AT EROSION OF WORKER PURCHASING POWER, BUT HAS CONSISTENTLY CAUTIONED AGAINST ANY GOVERNMENT ACTION WHICH WOULD COMPROMISE "CONTRACTUAL POLICY" OF FREELY BARGAINED WAGES. COST OF LIVING WAS PRINCIPAL TOPIC IN PRIVATE DISCUSSION BETWEEN PRESIDENT POMPIDOU AND FO SECRETARY GENERAL BERGERON ON 6 NOVEMBER. BERGERON REPORTED TO HIS COLLEAGUES THAT POMPIDOU HAS ASSURED HIM THAT INCOMES POLICY WILL NOT BE USED. INSTEAD, OTHER MEASURES AIMED ESPECIALLY AT FOOD PRICES WILL BE DEvised.

7. CGC (CADRES) PRESIDENT ANDRE MALTERRE, FOLLOWING EARLIER MEETING WITH BERGERON, MET 7 NOVEMBER FOR FIRST TIME EVER WITH CGC SECRETARY GENERAL GEORGES SEGUY. ALL PARTIES AGREE ON OPPOSITION TO "ARBITRARY WAGE CONTROLS" AND ON NEED FOR MORE LIMITED OFFICIAL USE

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EFFECTIVE GOV ACTION TO HALT INFLATION.

8. COMMENT: URGENT LABOR CONSULTATIONS MENTIONED ABOVE WILL CONVEY UNMISTAKABLE MESSAGE TO GOV THAT AN INCOMES POLICY RAISES OMINOUS SPECTRE OF UNIFIED LABOR MOVEMENT, DETERMINED AND CAPABLE OF RESORTING TO GENERAL STRIKE TO CHALLENGE SUCH A POLICY.

9. CGT-PCF STRATEGY IN EXPLOITING INFLATION ISSUES IS: TO

UNDERMINE POPULAR CONFIDENCE IN GOV ABILITY TO MANAGE ECONOMY;
TO CHALLENGE PRINCIPLES OF FREE ECONOMY; AND TO TRANSFORM
DISCONTENT INTO WISH FOR POLITICAL CHANGE. IN PURSUING THIS
STRATEGY CGT-PCF WILL AVOID VIOLENCE OR OVERT SOCIAL TURMOIL,
CONCENTRATING THEIR EFFORTS ON PRESENTING COMMON PROGRAM AS
ONLY ALTERNATIVE TO ILLS OF INFLATION.
IRWIN

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